

CLEAN AND RENEWABLE ENERGY REQUIREMENT**AMENDMENTS**

2021 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill modifies provisions relating to clean energy requirements for a large-scale electric utility.

Highlighted Provisions:

This bill:

- ▶ requires that, on or after a certain date, a certain percentage of a large-scale electric utility's annual retail sales come from qualifying clean electricity if use of qualifying clean electricity is cost effective;
- ▶ amends provisions relating to the issuance, expiration, and use of renewable energy certificates;
- ▶ amends and requires plans and reports concerning a large-scale electric utility's progress in acquiring qualifying electricity and qualifying clean electricity; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

54-17-601, as last amended by Laws of Utah 2010, Chapters 119, 125, and 268

54-17-602, as enacted by Laws of Utah 2008, Chapter 374

54-17-603, as last amended by Laws of Utah 2009, Chapter 140

54-17-604, as enacted by Laws of Utah 2008, Chapter 374

54-17-605, as enacted by Laws of Utah 2008, Chapter 374

ENACTS:

32 **54-17-604.5**, Utah Code Annotated 1953

33

34 *Be it enacted by the Legislature of the state of Utah:*

35 Section 1. Section **54-17-601** is amended to read:

36 **54-17-601. Definitions.**

37 As used in this part:

38 (1) "Adjusted retail electric sales" means the total kilowatt-hours of retail electric sales
39 of an electrical corporation to customers in this state in a calendar year, reduced by:

40 (a) the amount of those kilowatt-hours attributable to electricity generated or purchased
41 in that calendar year from qualifying zero carbon emissions generation and qualifying carbon
42 sequestration generation;

43 (b) the amount of those kilowatt-hours attributable to electricity generated or purchased
44 in that calendar year from generation located within the geographic boundary of the Western
45 Electricity Coordinating Council that derives [its] energy from one or more of the following but
46 that does not satisfy the definition of a renewable energy source or that otherwise has not been
47 used to satisfy Subsection 54-17-602(1):

48 (i) wind energy;

49 (ii) solar photovoltaic and solar thermal energy;

50 (iii) wave, tidal, and ocean thermal energy;

51 (iv) except for combustion of wood that has been treated with chemical preservatives
52 such as creosote, pentachlorophenol or chromated copper arsenate, biomass and biomass
53 byproducts, including:

54 (A) organic waste;

55 (B) forest or rangeland woody debris from harvesting or thinning conducted to improve
56 forest or rangeland ecological health and to reduce wildfire risk;

57 (C) agricultural residues;

58 (D) dedicated energy crops; and

59 (E) landfill gas or biogas produced from organic matter, wastewater, anaerobic
60 digesters, or municipal solid waste;

61 (v) geothermal energy;

62 (vi) hydroelectric energy; or

(vii) waste gas and waste heat capture or recovery; and

(c) the number of kilowatt-hours attributable to reductions in retail sales in that calendar year from demand side management as defined in Section 54-7-12.8, with the kilowatt-hours for an electrical corporation whose rates are regulated by the commission and adjusted by the commission to exclude kilowatt-hours for which a renewable energy certificate is issued under Subsection 54-17-603(4)(b).

(2) "Amount of kilowatt-hours attributable to electricity generated or purchased in that calendar year from qualifying carbon sequestration generation[," for qualifying carbon sequestration generation,]" means the kilowatt-hours supplied by a facility during the calendar year multiplied by the ratio of the amount of carbon dioxide captured from the facility and sequestered to the sum of the amount of carbon dioxide captured from the facility and sequestered plus the amount of carbon dioxide emitted from the facility during the same calendar year.

(3) "Banked renewable energy certificate" means a bundled or unbundled renewable energy certificate that is:

(a) not used in a calendar year to comply with this part or with a renewable energy program in another state; and

(b) carried forward into a subsequent year.

(4) "Bundled renewable energy certificate" means a renewable energy certificate for qualifying electricity that is acquired:

(a) by an electrical corporation by a trade, purchase, or other transfer of electricity that includes the renewable energy attributes of, or certificate that is issued for, the electricity; or

(b) by an electrical corporation by generating the electricity for which the renewable energy certificate is issued.

(5) "Clean energy source" means:

(a) an electric generation facility or generation capability or upgrade that derives energy from one or more of the following:

(i) wind energy;

(ii) solar photovoltaic and solar thermal energy;

(iii) wave, tidal, and ocean thermal energy;

(iv) geothermal energy;

(v) hydroelectric energy;

(vi) nuclear energy;

(vii) landfill gas or biogas produced from organic matter, wastewater, anaerobic digesters, or municipal solid waste;

(viii) waste gas and waste heat capture or recover, whether or not it is renewable, including methane gas from:

(A) an abandoned coal mine; or

(B) a coal degassing operation associated with a state-approved mine permit; or

(ix) municipal solid waste;

(b) hydrogen gas derived from any source of energy described in Subsection (5)(a);

(c) if an electric generation facility employs multiple energy sources, that portion of the electricity generated that is attributable to energy sources described in Subsections (5)(a) or (b); and

(d) electricity generated or purchased from qualifying carbon sequestration generation.

~~[(5)]~~ (6) "Electrical corporation":

(a) ~~[is as]~~ means the same as that term is defined in Section 54-2-1; and

(b) does not include a person generating electricity that is not for sale to the public.

~~[(6)]~~ (7) "Qualifying carbon sequestration generation" means a fossil-fueled generating facility located within the geographic boundary of the Western Electricity Coordinating Council that:

(a) becomes operational or is retrofitted on or after January 1, 2008; and

(b) reduces carbon dioxide emissions into the atmosphere through permanent geological sequestration or through another verifiably permanent reduction in carbon dioxide emissions through the use of technology.

(8) "Qualifying clean electricity" means electricity generated from a clean energy source if:

(a) (i) the clean energy source is located within the geographic boundary of the Western Electricity Coordinating Council; or

(ii) the electricity is delivered to:

(A) the transmission system of an electrical corporation; or

(B) a delivery point designated by the electrical corporation for the purpose of

125 subsequent delivery to the electrical corporation; and

126 (b) the clean energy attributes of the electricity are not traded, sold, transferred, or
127 otherwise used to satisfy another state's renewable, zero carbon energy, or clean energy
128 program.

129 ~~[(7)]~~ (9) "Qualifying electricity" means electricity generated on or after January 1,
130 1995, from a renewable energy source if:

131 (a) (i) the renewable energy source is located within the geographic boundary of the
132 Western Electricity Coordinating Council; or

133 (ii) the qualifying electricity is delivered to the transmission system of an electrical
134 corporation or a delivery point designated by the electrical corporation for the purpose of
135 subsequent delivery to the electrical corporation; and

136 (b) the renewable energy attributes of the electricity are not traded, sold, transferred, or
137 otherwise used to satisfy another state's renewable energy program.

138 ~~[(8)]~~ (10) "Qualifying zero carbon emissions generation":

139 (a) means a generation facility located within the geographic boundary of the Western
140 Electricity Coordinating Council that:

141 (i) becomes operational on or after January 1, 2008; and

142 (ii) does not produce carbon as a byproduct of the generation process;

143 (b) includes generation powered by nuclear fuel; and

144 (c) does not include renewable energy sources used to satisfy the requirement
145 established under Subsection 54-17-602(1).

146 ~~[(9)]~~ (11) "Renewable energy certificate" means a certificate issued under Section
147 54-17-603.

148 ~~[(10)]~~ (12) "Renewable energy source" means:

149 (a) an electric generation facility or generation capability or upgrade that becomes
150 operational on or after January 1, 1995, that derives [its] energy from one or more of the
151 following:

152 (i) wind energy;

153 (ii) solar photovoltaic and solar thermal energy;

154 (iii) wave, tidal, and ocean thermal energy;

155 (iv) except for combustion of wood that has been treated with chemical preservatives

156 such as creosote, pentachlorophenol or chromated copper arsenate, biomass and biomass
157 byproducts, including:

- 158 (A) organic waste;
- 159 (B) forest or rangeland woody debris from harvesting or thinning conducted to improve
160 forest or rangeland ecological health and to reduce wildfire risk;
- 161 (C) agricultural residues;
- 162 (D) dedicated energy crops; and
- 163 (E) landfill gas or biogas produced from organic matter, wastewater, anaerobic
164 digesters, or municipal solid waste;
- 165 (v) geothermal energy located outside the state;
- 166 (vi) waste gas and waste heat capture or recovery whether or not it is renewable,
167 including methane gas from:
- 168 (A) an abandoned coal mine; or
- 169 (B) a coal degassing operation associated with a state-approved mine permit;
- 170 (vii) efficiency upgrades to a hydroelectric facility, without regard to the date upon
171 which the facility became operational, if the upgrades become operational on or after January
172 1, 1995;
- 173 (viii) compressed air, if:
- 174 (A) the compressed air is taken from compressed air energy storage; and
- 175 (B) the energy used to compress the air is a renewable energy source; or
- 176 (ix) municipal solid waste;
- 177 (b) any of the following:
- 178 (i) up to 50 average megawatts of electricity per year per electrical corporation from a
179 certified low-impact hydroelectric facility, without regard to the date upon which the facility
180 becomes operational, if the facility is certified as a low-impact hydroelectric facility on or after
181 January 1, 1995, by a national certification organization;
- 182 (ii) geothermal energy if located within the state, without regard to the date upon which
183 the facility becomes operational; or
- 184 (iii) hydroelectric energy if located within the state, without regard to the date upon
185 which the facility becomes operational;
- 186 (c) hydrogen gas derived from any source of energy described in Subsection ~~(10)~~

187 (12)(a) or (b);

188 (d) if an electric generation facility employs multiple energy sources, that portion of the
189 electricity generated that is attributable to energy sources described in Subsections [~~(10)~~]

190 (12)(a) through (c); and

191 (e) any of the following located in the state and owned by a user of energy:

192 (i) a demand side management measure, as defined by Subsection 54-7-12.8(1), with
193 the quantity of renewable energy certificates to which the user is entitled determined by the
194 equivalent energy saved by the measure;

195 (ii) a solar thermal system that reduces the consumption of fossil fuels, with the
196 quantity of renewable energy certificates to which the user is entitled determined by the
197 equivalent kilowatt-hours saved, except to the extent the commission determines otherwise
198 with respect to net-metered energy;

199 (iii) a solar photovoltaic system that reduces the consumption of fossil fuels with the
200 quantity of renewable energy certificates to which the user is entitled determined by the total
201 production of the system, except to the extent the commission determines otherwise with
202 respect to net-metered energy;

203 (iv) a hydroelectric or geothermal facility with the quantity of renewable energy
204 certificates to which the user is entitled determined by the total production of the facility,
205 except to the extent the commission determines otherwise with respect to net-metered energy;

206 (v) a waste gas or waste heat capture or recovery system, other than from a combined
207 cycle combustion turbine that does not use waste gas or waste heat, with the quantity of
208 renewable energy certificates to which the user is entitled determined by the total production of
209 the system, except to the extent the commission determines otherwise with respect to
210 net-metered energy; and

211 (vi) the station use of solar thermal energy, solar photovoltaic energy, hydroelectric
212 energy, geothermal energy, waste gas, or waste heat capture and recovery.

213 [~~(11)~~] (13) "Unbundled renewable energy certificate" means a renewable energy
214 certificate associated with:

215 (a) qualifying electricity that is acquired by an electrical corporation or other person by
216 trade, purchase, or other transfer without acquiring the electricity for which the certificate was
217 issued; or

(b) activities listed in Subsection ~~[(10)]~~ (12)(e).

Section 2. Section **54-17-602** is amended to read:

**54-17-602. Target amount of qualifying electricity -- Renewable energy certificate
-- Cost-effectiveness -- Cooperatives.**

(1) (a) To the extent that it is cost effective ~~[to do so]~~ and unless Subsection (3) applies, beginning in 2025 the annual retail electric sales in this state of each electrical corporation shall consist of qualifying electricity or renewable energy certificates in an amount equal to at least 20% of adjusted retail electric sales.

(b) ~~[The amount under Subsection (1)(a) is computed based upon]~~ An electrical corporation shall compute adjusted retail electric sales for the calendar year commencing 36 months before the first day of the year for which the target calculated under Subsection (1)(a) applies.

(c) Notwithstanding Subsections (1)(a) and (b), an increase in the annual target from one year to the next may not exceed the greater of:

(i) 17,500 megawatt-hours; or

(ii) 20% of the prior year's amount under Subsections (1)(a) and (b).

(2) (a) Cost-effectiveness under Subsection (1) for an electrical corporation other than a cooperative association is determined in comparison to other viable resource options using the criteria provided by Subsection 54-17-201(2)(c)(ii).

(b) For an electrical corporation that is a cooperative association, cost-effectiveness is determined using criteria applicable to the cooperative association's acquisition of a significant energy resource established by the cooperative association's board of directors.

(3) (a) To the extent that it is cost effective, beginning July 1, 2030, at least 50% of the total kilowatt-hours of a large-scale electric utility's annual retail electric sales to customers in this state in a calendar year shall consist of qualifying clean electricity or renewable energy certificates.

(b) A large-scale electric utility shall compute annual retail electric sales for the calendar year commencing 36 months before the first day of the year for which the target calculated under Subsection (3)(a) applies.

(c) Cost-effectiveness under Subsection (3)(a) of acquiring qualifying clean electricity means that, on a life-cycle basis and taking into account the long-term risks, the present value

249 of the long-term costs of acquiring qualifying clean electricity is less than or equal to the
250 present value of the long-term costs of other electricity resource options.

251 ~~[(3)]~~ (4) This section does not require an electrical corporation to:

252 (a) substitute qualifying electricity for electricity or qualifying clean electricity from a
253 generation source owned or contractually committed, or from a contractual commitment for a
254 power purchase;

255 (b) enter into any additional electric sales commitment or any other arrangement for the
256 sale or other disposition of electricity that is not already, or would not be, entered into by the
257 electrical corporation; or

258 (c) acquire qualifying electricity in excess of its adjusted retail electric sales.

259 ~~[(4)]~~ (5) (a) For the purpose of Subsection (1), an electrical corporation may combine
260 any of the following:

261 ~~[(a)]~~ (i) qualifying electricity from a renewable energy source owned by the electrical
262 corporation;

263 ~~[(b)]~~ (ii) qualifying electricity acquired by the electrical corporation through trade,
264 power purchase, or other transfer; and

265 ~~[(c)]~~ (iii) a bundled or unbundled renewable energy certificate, including a banked
266 renewable energy certificate.

267 (b) For purposes of Subsection (3), a large-scale electric utility may combine any of the
268 following:

269 (i) qualifying clean electricity from a clean energy source owned by the large-scale
270 electric utility;

271 (ii) qualifying clean electricity acquired by the large-scale electric utility through trade
272 power purchase or other transfer; or

273 (iii) a bundled renewable energy certificate or unbundled renewable energy certificate,
274 including a banked renewable energy certificate.

275 ~~[(5)]~~ (6) For an electrical corporation ~~[whose]~~ with rates the commission regulates, the
276 following rules concerning renewable energy certificates apply:

277 (a) the electrical corporation shall use a banked renewable energy certificate with an
278 older issuance date ~~[shall be used]~~ before any other banked renewable energy certificate issued
279 at a later date is used; and

(b) ~~[the total of all]~~ the electrical corporation may not use unbundled renewable energy certificates, including unbundled banked renewable energy certificates, ~~[may not exceed]~~ to satisfy more than 20% of the amount of the annual target provided for in Subsection (1) or (3).

~~[(6)]~~ (7) An electrical corporation that is a cooperative association may count towards Subsection (1) any of the following:

(a) electric production allocated to this state from hydroelectric facilities becoming operational after December 31, 2007, if the facilities are located in any state in which the cooperative association, or a generation and transmission cooperative with which the cooperative association has a contract, provides electric service;

(b) qualifying electricity generated or acquired or renewable energy certificates acquired for a program that permits a retail customer to voluntarily contribute to a renewable energy source; and

(c) notwithstanding Subsection 54-17-601~~[(7)]~~(9), an unbundled renewable energy certificate purchased from a renewable energy source located outside the geographic boundary of the Western Electricity Coordinating Council if the electricity on which the unbundled renewable energy certificate is based would be considered qualifying electricity if the renewable energy source was located within the geographic boundary of the Western Electricity Coordinating Council.

~~[(7)]~~ (8) (a) The use of the renewable attributes associated with qualifying electricity to satisfy any federal renewable energy requirement does not preclude the electricity from being qualifying electricity for the purpose of this chapter.

(b) The use of the clean energy attributes associated with qualifying clean electricity to satisfy any federal renewable requirement does not preclude the electricity from being qualifying clean electricity for purposes of this chapter.

Section 3. Section **54-17-603** is amended to read:

54-17-603. Renewable energy certificate -- Issuance -- Use to satisfy other requirements.

(1) The commission shall establish a process for issuance or recognition of a renewable energy certificate.

(2) The commission process under Subsection (1) shall provide for the issuance, monitoring, accounting, transfer, and use of a renewable energy certificate, including in

311 electronic form.

312 (3) The commission may:

313 (a) consult with another state or a federal agency and any regional system or trading
314 program to fulfill Subsection (1); and

315 (b) allow use of a renewable energy certificate that is issued, monitored, accounted for,
316 or transferred by or through a regional system or trading program, including the Western
317 Renewable Energy Generation Information System, to fulfill this part's provisions.

318 (4) A renewable energy certificate shall be issued for:

319 (a) qualifying electricity generated on and after January 1, 1995; and

320 (b) the activities of an energy user described in Subsections 10-19-102(11)(e) and
321 54-17-601(10)(e) on and after January 1, 1995.

322 (5) The person requesting a renewable energy certificate shall affirm that the renewable
323 energy attributes of the electricity have not been traded, sold, transferred, or otherwise used to
324 satisfy another state's renewable energy requirements.

325 (6) (a) For the purpose of satisfying Subsection 54-17-602(1) and the issuance of a
326 renewable energy certificate under this section, a renewable energy source located in this state
327 that derives [its] energy from solar photovoltaic or solar thermal energy shall ~~[be credited]~~ earn
328 a credit for 2.4 kilowatt-hours of qualifying electricity for each 1.0 kilowatt-hour generated.

329 (b) Notwithstanding Subsection (6)(a), the acquisition or construction by an electrical
330 corporation of a renewable energy source that derives [its] energy from solar photovoltaic or
331 solar thermal energy shall comply with the cost-effectiveness criteria of Subsection
332 54-17-201(2)(c)(ii).

333 (7) A renewable energy certificate issued under this section:

334 ~~[(a) does not expire; and]~~

335 (a) expires three years after the date that the renewable energy certificate was issued;
336 and

337 (b) may be banked.

338 (8) The commission may recognize a renewable energy certificate that is issued,
339 monitored, accounted for, or transferred by or through another state or a regional system or
340 trading program, including the Western Renewable Energy Generation Information System, if
341 the renewable energy certificate is for qualifying electricity.

(9) A renewable energy certificate:

(a) may be used only once to satisfy Subsection 54-17-602(1) or (3);

(b) may be used for ~~[the purpose]~~ purposes of Subsection 54-17-602(1) or (3) and the qualifying electricity on which the renewable energy certificate is based may be used to satisfy any federal renewable energy requirement; and

(c) may not be used if ~~[it]~~ the renewable energy certificate has been used to satisfy:

(i) any other state's renewable energy requirement[-]; or

(ii) a requirement of participating in a community renewable energy program under Chapter 17, Part 9, Community Renewable Energy Act.

(10) The commission shall establish procedures and reasonable rates permitting an electrical corporation that is a purchasing utility under Section 54-12-2 to acquire or retain a renewable energy certificate associated with the purchase of power from an independent energy producer.

Section 4. Section **54-17-604** is amended to read:

54-17-604. Plans and reports.

(1) An electrical corporation shall develop and maintain a plan for implementing Subsection 54-17-602(1), consistent with the cost-effectiveness criteria of Subsection 54-17-201(2)(c)(ii).

~~[(2)(a) A progress report concerning a plan under Subsection (1) for other than a cooperative association shall be filed with the commission by January 1 of each of the years 2010, 2015, 2020, and 2024.]~~

~~[(b) For an]~~ (2) An electrical corporation that is a cooperative association~~[-]~~ shall file a progress report ~~[shall be filed]~~ with the cooperative association's board of directors by January 1 ~~[of each of the years 2010, 2015, 2020, and]~~ 2024.

(3) The progress report ~~[under]~~ described in Subsection (2) shall contain:

(a) the actual amount of qualifying electricity to date and projected amount of qualifying electricity through 2025;

(b) the source of qualifying electricity;

~~[(c)(i) an analysis of the cost-effectiveness of renewable energy sources for other than a cooperative association; or]~~

~~[(ii)]~~ (c) an estimate of the cost of achieving the target ~~[for an electrical corporation]~~

that is a cooperative association];

(d) a discussion of conditions impacting the renewable energy source and qualifying electricity markets; and

(e) any recommendation for a suggested legislative or program change[; ~~and~~].

~~[(f) for other than a cooperative association, any other information requested by the commission or considered relevant by the electrical corporation.]~~

(4) The plan and progress report required by Subsections (1) and (2) may include procedures that will be used by the electrical corporation to identify and select any renewable energy resource and qualifying electricity that satisfy the criteria of Subsection 54-17-201(2)(c)(ii).

~~[(5) By July 1, 2026, each electrical corporation shall file a final progress report demonstrating:]~~

~~[(a) how Subsection 54-17-602(1) is satisfied for the year 2025; or]~~

~~[(b) the reason why Subsection 54-17-602(1) is not satisfied for the year 2025, if it is not satisfied:]~~

~~[(6) By January 1 of each of the years 2011, 2016, 2021, and 2025, the Division of Public Utilities shall submit to the Legislature a report containing a summary of any progress report filed under Subsections (2) through (5).]~~

~~[(7) The summary required by Subsection (6) shall include any recommendation for legislative changes.]~~

~~[(8) (a) By July 1, 2027, the commission shall submit to the Legislature a report summarizing the final progress reports and recommending any legislative changes.]~~

~~[(b) The 2027 summary may contain a recommendation to the Legislature concerning any action to be taken with respect to an electrical corporation that does not satisfy Subsection 54-17-602(1) for 2025.]~~

~~[(c) The commission shall provide an opportunity for public comment and take evidence before recommending any action to be taken with respect to an electrical corporation that does not satisfy Subsection 54-17-602(1) for 2025.]~~

~~[(9) If a recommendation containing a penalty for failure to satisfy Subsection 54-17-602(1) is made under Subsection (8), the proposal shall require that any amount paid by an electrical corporation as a penalty be utilized to fund demand-side management for the retail~~

customers of the electrical corporation paying the penalty.]

~~[(10) A penalty may not be proposed under this section if an electrical corporation's failure to satisfy Subsection 54-17-602(1) is due to:]~~

~~[(a) a lack of cost-effective means to satisfy the requirement; or]~~

~~[(b) force majeure.]~~

~~[(11)]~~ (5) By July 1, 2026, an electrical corporation that is a cooperative association shall file a final progress report demonstrating:

(a) how the electrical corporation satisfied Subsection 54-17-602(1) ~~[is satisfied]~~ for the year 2025; or

~~[(b) the reason why Subsection 54-17-602(1) is not satisfied for the year 2025 if it is not satisfied.]~~

(b) why the electrical corporation did not satisfy Subsection 54-17-602(1) for the year 2025.

~~[(12) The]~~ (6) A cooperative association shall make the plan and any progress report [file] filed under this section by an electrical corporation that is cooperative association shall be publicly available at the cooperative association's office or [posted] on the cooperative association's website.

Section 5. Section **54-17-604.5** is enacted to read:

54-17-604.5. Plans and reports.

(1) A large-scale electric utility that is required to comply with Subsection 54-17-602(3) shall:

(a) develop and maintain a plan for implementing Subsection 54-17-602(3), consistent with the cost-effectiveness standard described in Subsection 54-17-602(3)(c); and

(b) file a report on the progress of the plan described in Subsection (1)(a) with the commission on or before May 1, 2026; and

(c) file a final report on the progress of the plan described in Subsection (1)(a) with the commission on or before May 1, 2030.

(2) The progress reports described in Subsections (1)(b) and (1)(c) shall contain:

(a) the actual amount of qualifying clean energy to date and projected amount of qualifying clean electricity through 2030;

(b) the source of qualifying clean electricity;

(c) an analysis of the cost-effectiveness of clean energy sources;

(d) a discussion of conditions impacting the clean energy source and qualifying clean electricity markets;

(e) any recommendation for a suggested legislative or program change;

(f) in the final progress report, a demonstration of:

(i) how the large-scale electric utility satisfied the requirements of Subsection 54-17-602(1) for the year 2025; or

(ii) why the large-scale electric utility did not satisfy the requirements of Subsection 54-17-602(1) for the year 2025; and

(g) any other information requested by the commission or considered relevant by the large-scale electric utility.

(3) (a) On or before November 1, 2026, the commission shall, after taking public comment and evidence, submit to the Public Utilities, Energy, and Technology Interim Committee a report summarizing the progress reports and public comment and evidence and recommending any legislative changes.

(b) On or before November 1, 2031, the commission shall, after taking public comment and evidence, submit to the Public Utilities, Energy, and Technology Interim Committee a report summarizing the final progress reports, public comment and evidence, and recommending any legislative changes.

(c) The report described in Subsection (3)(b) may contain a recommendation to the Legislature concerning any action to be taken with respect to a large-scale electric utility that is required to comply with Subsection 54-17-602(3) and does not satisfy the requirements of Subsection 54-17-602(3) for 2030.

(d) The commission shall provide an opportunity for public comment and take evidence before recommending any action to be taken with respect to a large-scale electric utility that is required to comply with Subsection 54-17-602(3) and does not satisfy the requirements of Subsection 54-17-602(3) for 2030.

Section 6. Section **54-17-605** is amended to read:

54-17-605. Recovery of costs for renewable energy activities.

(1) In accordance with other law, the commission shall include in the retail electric rates of an electrical corporation [~~whose~~] with rates the commission regulates the state's share

of any of the costs listed in Subsection (2) that are relevant to the proceeding in which the commission is considering the electrical corporation's rates:

(a) if the costs are prudently incurred by the electrical corporation in connection with:

(i) the acquisition of a renewable energy certificate;

(ii) the acquisition of qualifying electricity for which a renewable energy certificate will be issued after the acquisition; and

(iii) the acquisition, construction, and use of a renewable energy source; and

(b) to the extent any qualifying electricity ~~[or]~~, renewable energy source ~~[under]~~, or clean energy source described in Subsection (1)(a) satisfies the cost-effectiveness criteria ~~[of]~~:

(i) described in Subsection 54-17-201(2)(c)(ii)[-]; or

(ii) described in Subsection 54-17-602(3)(c).

(2) ~~[The following are costs that may be recoverable]~~ The state is eligible to recover the following costs under Subsection (1):

(a) a cost of siting, acquisition of property rights, equipment, design, licensing, permitting, construction, owning, operating, or otherwise acquiring a renewable energy source or clean energy source and any associated asset, including transmission;

(b) a cost to acquire qualifying electricity through trade, power purchase, or other transfer;

(c) a cost to acquire a bundled or unbundled renewable energy certificate, if any net revenue from the sale of a renewable energy certificate allocable to this state is also included in rates;

(d) a cost to interconnect a renewable energy source or clean energy source to the electrical corporation's transmission and distribution system;

(e) a cost associated with using a physical or financial asset to integrate, firm, or shape a renewable energy source or clean energy source on a firm annual basis to meet a retail electricity need; and

(f) any cost associated with transmission and delivery of qualifying electricity or clean energy source to a retail electricity consumer.

(3) (a) The commission ~~[may]~~ shall:

(i) allow an electrical corporation to use an adjustment mechanism or reasonable method other than a rate case under Sections 54-4-4 and 54-7-12 to allow recovery of costs

identified in Subsection (2)~~[-]; or~~

(ii) allow an electrical corporation to recover costs identified in Subsection (2) by including costs identified in Subsection (2) in rates pursuant to a rate case.

(b) ~~[If the commission allows the use of an adjustment mechanism, both]~~ Both the costs and any associated benefit shall be reflected in the mechanism~~[-]~~ or method approved by the commission in Subsection (3)(a) to the extent practicable.

~~[(c) This Subsection (3) creates no presumption for or against the use of an adjustment mechanism.]~~

(4) (a) The commission may permit an electrical corporation to include in ~~[its]~~ the electrical corporation's retail electric rates the state's share of costs prudently incurred by the electrical corporation in connection with a renewable energy source, whether or not the renewable energy source ultimately becomes operational, including costs of:

(i) siting;

(ii) property acquisition;

(iii) equipment;

(iv) design;

(v) licensing;

(vi) permitting; and

(vii) other reasonable items related to the renewable energy source.

(b) Subsection (4)(a) creates no presumption concerning the prudence or recoverability of the costs identified.

(c) To the extent deferral is consistent with other applicable law, the commission may allow an electrical corporation to defer costs recoverable under Subsection (4)(a) until the recovery of the deferred costs can be considered in a rate proceeding or an adjustment mechanism created under Subsection (3).

(d) An application to defer costs shall be filed within 60 days after the day on which the electrical corporation determines that the renewable energy source project is impaired under generally accepted accounting principles and will not become operational.

(e) Notwithstanding the opportunity to defer costs under Subsection (4)(c), an electrical corporation shall include a cost incurred by ~~[an]~~ the electrical corporation for siting, property acquisition, equipment, design, licensing, and permitting of a renewable energy source that the

528 electrical corporation proposes to construct [~~shall be included~~] in the electrical corporation's
529 project costs for the purpose of evaluating the project's cost-effectiveness.

530 (f) A deferred cost under Subsection (4)(a) may not be added to, or otherwise
531 considered in the evaluation of, the cost of a project proposed by any person other than the
532 electrical corporation for the purpose of evaluating that person's proposal.